

PM USA

National Business Review - August 1997

Business Summary

- PM USA's share grew 0.7 share point versus YTD August '96, to 48.5% of the market.
- Marlboro's share increased 1.4 share points versus YTD August '96, to 33.1%.
- Lorillard's share increased slightly, while RJR and B&W's shares were down.
- Industry premium share increased 1 share point versus year ago to 70%.
- Feature of the Month: Motivate the Trade: Cigarettes at Retail

PM USA Results

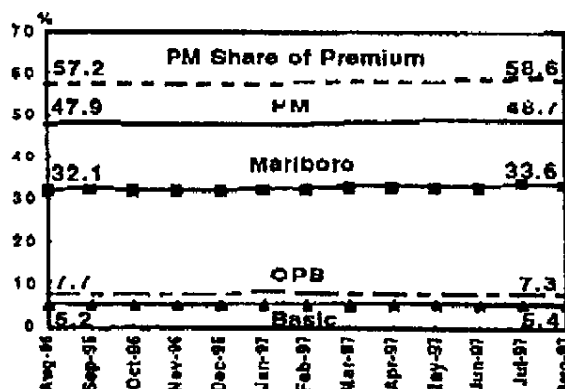
YTD PM Share Highlights

	Share YTD Aug-97	Share Difference	
		vs. YTD Aug-96	vs. YTD Jul-97
PM USA	48.5	+0.7	-0.2
PM SOPC	58.3	+1.4	-0.2
Marlboro	33.1	+1.4	-0.1
OPB	7.5	-0.3	0.0
Basic	5.4	+0.2	0.0

Source: STARS Projected, YTD 8/97

- Share vs. YTD year ago:
 - PM USA, Marlboro and Basic's shares grew.
 - PM's share of Premium category also increased.
 - OPB's share declined.
- Share vs. YTD month ago:
 - PM USA and Marlboro's shares declined, as did PM's share of Premium category
 - OPB and Basic's shares remained stable.

13WM STARS Share Trends



Source: STARS Projected, 13WM

Industry at a Glance

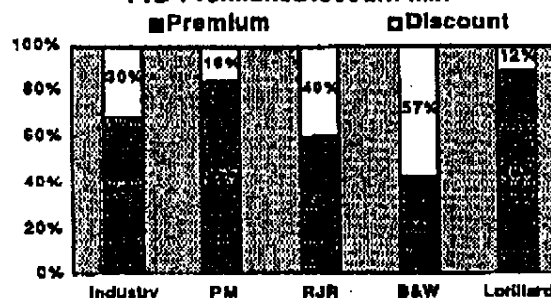
YTD Share Performance by Region

AOC	Philip Morris		RJR		B&W		Lorillard	
	YTD Aug-97	Diff. vs YAGO	YTD Aug-97	Diff. vs YAGO	YTD Aug-97	Diff. vs YAGO	YTD Aug-97	Diff. vs YAGO
Total US	48.5	+0.7	25.4	-0.4	15.7	-1.0	7.5	-0.2
Region 1	50.1	+0.2	19.6	-0.3	14.2	-0.8	13.4	-0.1
Region 2	45.1	+0.6	30.1	-0.1	14.0	-1.4	8.1	+0.3
Region 3	48.5	0.0	27.5	0.0	16.9	-0.7	4.4	+0.4
Region 4	48.4	+1.0	24.7	-0.7	16.1	-0.9	7.3	+0.2
Region 5	52.8	+2.0	22.1	-0.5	18.1	-1.4	4.2	-0.1

Source: STARS Projected, YTD 8/97

- PM USA's share increased on a national basis and grew significantly in Regions 4 and 5.
- Lorillard's total US share increased, driven by gains in all regions, except Region 5.
- Both RJR and B&W experienced share losses: RJR incurred a major share loss in Region 4; B&W's share decreased significantly in Regions 2 and 5.

YTD Premium/Discount Mix



Source: STARS Projected, YTD 8/97

- PM and Lorillard are more developed in the premium category.
- RJR's mix is 60%/40%.
- B&W is weighted more than half by discount business.

Abbreviations: SOPC = share of Premium category
13WM = 13 week moving average
AOC = all outlets combined

YTD = year-to-date
YAGO = year ago